

XIV. Provider Procedures

A. Types of Providers

Families receiving Child Care Assistance may select one or more of the following types of providers:

1. Licensed Centers

Licensed Centers are certified and monitored by the Department of Health Services and usually care for 15 or more children for compensation.

2. Certified Family Child Care Homes

Certified Family Child Care Homes are certified and monitored by DES and may care for up to 6 children at one time, 4 of which can be for compensation.

3. Certified In-Home Care Providers

Certified In-Home Care Providers are certified and monitored by DES and may care for the entire sibling group in the client's home (with no limit on the number of children, as long as the children are members of the same sibling group).

4. Certified Group Homes

Certified Group Homes are certified and monitored by the Department of Health Services and may care for 5-10 children for compensation (one caregiver for every five children in care).

5. Relative Providers

a. Relative Providers may include the following:

A relative child care provider can be the aunt, uncle, great-aunt, great-uncle, grandparent, great-grandparent, or the adult sibling of the child needing care.

b. Relative Providers may be compensated for:

i. Up to 4 children when the children are cared for in the provider's home.

ii. The entire sibling group, when the provider cares for the children in the children's home (with no limit on the number of children, as long as the children are a sibling group and the provider is caring for the children in the client's home).

- c. Relative Providers are arranged by the family. Families may use a Relative Provider to provide child care services unless:
 - i. Child Care Assistance is requested for a CPS referred family or DDD foster family;
 - ii. Child Care Assistance is requested by a Cash Assistance participant and the relative is included in the Cash Assistance grant;
 - iii. The relative is included in the family size, or is the applicant for Child Care Assistance; or
 - iv. The relative is the natural, step or adoptive parent of the child needing care.
- d. If necessary, families may utilize more than one relative provider (at different times during the day) to meet their needs.

6. Non-reimbursable care (i.e. Head Start, Chapter I).

B. Additional Charges

Child Care charges may exceed the Department's reimbursement rate or additional charges may be incurred if more child care services are utilized than are authorized. To ensure the client's full understanding of potential provider charges, the Specialist shall:

1. Inform the client that the client is responsible to pay any charges incurred above and beyond what DES pays;
2. Advise the client of potential charges and discuss the required copayment with the client;
3. Advise the client that they must have a written agreement with the provider that outlines all excess charges and that clarifies the charges that will not be reported to the Department for nonpayment; and
4. Provide the client with the Provider/Parent/Guardian's Agreement for Child Care Charges Between Eligible Family and Child Care Provider (CC-208) form for each child in care and for each provider being considered by the client and will explain the use of the form.

C. Paid Absences

The provider may bill for up to 2 absent days per child per month, provided the following conditions are met:

1. The child must normally be scheduled to be in care, and there are units remaining in the authorization;
2. The absence is claimed for a day when the facility is open for business;
3. The provider must have written policy which states the provider charges all families for absences;
4. Days billed for absences must be documented in the daily sign-in and sign-out records (with “PA” or “Paid Absence”);
5. The child received care with the provider during the calendar month claimed;
6. The client is responsible to pay the DES required copayment for any absent day that is billed to the Department; and
7. The provider is not a Relative Provider in the NCRP flat rate program.

D. AzCCATS Client/Provider Notification

1. AzCCATS Certificate of Authorization
 - a. AzCCATS will automatically generate the Certificate of Authorization when:
 - i. Child Care Assistance is started, stopped, or changed on the AzCCATS *Purchase Service Add/Update* (CP08) screen; and
 - ii. Eligibility is ended on the AzCCATS *Household Eligibility Add/Update* (CP21) screen, and the end date is less than the end date displaying on the AzCCATS *Purchase Services Display* (CP13) screen.
 - b. One copy is mailed to the client and one copy is mailed to the provider.
2. Verbal Notification of Eligibility
 - a. The Specialist shall verbally notify the provider of:
 - i. New eligibilities, including the start and end date of authorizations;
 - ii. Changes/extensions to existing authorizations;

- iii. Stops in authorization; and

- iv. Case closures.

- b. Documenting the Verbal Notice of Eligibility

The Specialist shall document in the case file that the verbal notice of eligibility was made and shall place documentation in the case file. Documentation shall consist of the following:

- i. Name of person who received the verbal notice of eligibility;

- ii. Date verbal notice of eligibility was made.

- 3. *AzCCATS Purchase Service Add/Update* (CC-08) screen Turnaround Document

When the provider contacts the Specialist and requests additional written verification of client authorization, the Specialist may print and send to the provider the AzCCATS CP08 turnaround document as verification of the service authorization.

- a. To create the AzCCATS CP08 turnaround document, the Specialist shall:

- i. Access the *AzCCATS Purchase Service Add/Update* (CP08) screen

- a) The Specialist shall enter the following information onto the AzCCATS CP08 screen which corresponds to the service authorization for which verification has been requested:

- 1) The child's client identification number in the ***Client ID*** field;

- 2) Service Code in the ***Service*** field (e.g. LC1, CH1, CG1, etc.);

- 3) Unit type (**D** or **L**) in the ***Kind*** field (this process must be completed separately when **D** and **L** units are authorized);

- 4) Provider identification number in the ***Provider ID*** field; and

- 5) The start date of the authorization to be verified in the ***Start Date*** field.

- b) After this information is entered onto the AzCCATS CP08 screen, the *AzCCATS Purchase Service Change or Close* (CP08A) will display.

- ii. After accessing the AzCCATS CP08A screen (see section above for instructions), the Specialist shall enter the following information:
 - a) Child Care Specialist Case Manager identification number in the *Authorization Document For Case Manager* field; and
 - b) Printer identification (for the local office printer) in the *Printer ID* field.
- b. When there are **D** units and **L** units authorized for the same authorization period, it is necessary to print two separate turnaround documents: one turnaround document for **D** units, and another turnaround document for **L** units.

XV. Fair Hearings/Appeals

A fair hearing is an appeals process through which clients may have an eligibility decision reviewed by the Office of Appeals (or) a higher authority.

A. Client Rights

Clients have the right to request a fair hearing about any action or a failure to take action by the DES Child Care Administration. The Specialist shall inform clients regarding the following:

1. Time limits for filing for a hearing;
2. The right to review their case prior to the hearing;
3. The right to bring legal counsel or another person to the hearing;
4. The continuation of service during the appeal process (if applicable to the specific child car program); and
5. The requirement to pay for any overpayment incurred during the appeal process; if the decision (or any subsequent decisions) are not in their favor.

B. Client Responsibilities/Request for Hearing/Timeliness

1. Clients may file a fair hearing request for any of the following reasons:
 - a. The client was denied the right to apply for Child Care Assistance;
 - b. An Application/Request for Child Care Assistance has been denied;
 - c. An Application/Request for Child Care Assistance was not processed timely (within 30 days of application or request);
 - d. Child Care Assistance has been terminated, suspended or reduced;
 - e. The client's fee level and DES required copayment amount have increased; and
 - f. The validity of an overpayment, the calculation of an overpayment or the amount of an overpayment is contested.

2. A client (or their authorized representative) may request a hearing in person, by telephone, or by mail, with one of the following methods.
 - a. Completion of the Request for Hearing (CC-041) form;
 - b. Provision of a written statement including the reason for the request, the client signature and date; and
 - c. Verbally (by telephone); Child Care staff will record information provided on the Request for Hearing (CC-041) form.
3. The client must request a hearing within 10 days from the date the eligibility decision notice is mailed.
4. The receipt date of the client request for a hearing shall be determined as either:
 - a. The postage meter mark or postmark mark on the envelope, if mailed; or
 - b. The date written on the request as the date of its completion (if there is no postmark or postage meter mark, or if the date is illegible).
5. Request for fair hearings submitted after the 10 day time limit shall be accepted by the local CCA office and forwarded to the Office of Appeals (refer to Table 21 in the appendix for the Office of Appeals Directory). The Office of Appeals will make the determination of good cause for untimeliness, and decide whether to proceed with the appeal.
6. The Child Care Specialist shall ensure that all verbal requests are recorded on the Request for Fair Hearing (CC-041; as described in “B.2” above). Requests shall be signed and dated by the client, and shall state the specific reason(s) the client is requesting an appeal.
7. If the client request for a hearing is unclear, the Child Care Specialist will ask for additional information regarding the reason for the request. The right to file for a hearing shall not be limited or interfered with; the Child Care Specialist shall take a neutral stance and assist the client through the fair hearing process.
8. The Office of Appeals will notify the local office if additional information is required regarding the client’s request for a hearing.

C. Client Assistance and Notification Requirements

1. The Child Care Specialist shall assist the client in preparing the request for hearing. Assistance shall include:
 - a. Providing the client (or client representative) with information from the case file needed to prepare for the fair hearing.
 - b. Advising the client of the right to receive continued Child Care Assistance pending the outcome of the hearing if the client requested the hearing within 10 calendar days of the negative action notice date. The Child Care Specialist shall continue assistance at the current level unless:
 - i. The client waives continuation of current assistance;
 - ii. The appeal results from a change in federal or state law which mandates an automatic adjustment for entire classes of recipients; or
 - iii. The client is requesting continuation of TCC benefits for longer than the 24 month eligibility period.
 - c. Advising the client of their responsibility for the repayment of assistance if the decision is not in the client's favor.
2. The client shall be informed in writing of the rights to request a fair hearing, the procedure for requesting a hearing and the right to be represented.
 - a. Clients shall be informed of their rights and responsibilities in requesting a fair hearing at the intake interview.
 - b. All Notice of Action (CC-502 and CC-303) shall contain notification of client rights and responsibilities in requesting a fair hearing.
3. When assistance is continued pending the outcome of a hearing, the Child Care Specialist shall provide written notice to the client on the Child Care Services Approval Notice (CC-501.) The notice shall specify:
 - a. The services that are authorized pending the outcome of the hearing; and
 - b. That the client shall be responsible for the total amount of overpayment for services received during the period pending the hearing if the decision is not in the client's favor.

D. Local Office Responsibilities

1. On the same day that a request for hearing is received, the Child Care Specialists shall complete the following procedures:
 - a. Record all verbal requests for a hearing in writing using the *Request For Hearing* (CC-041);
 - b. Date stamp all requests for hearing and document the client case file.
2. Within 48 hours of receipt of the hearing request, the Specialist shall send required initial information to the appropriate Office of Appeals (refer to Table 21 in the appendix for the Office of Appeals Directory) via SYSM E-form. The SYSM E-form is located in the *SYSM Summary of Electronic Forms* and is entitled ***CCA Fair Hearing Request***; one SYSM E-form shall be completed per client.
3. The Specialist shall list the following information on the ***CCA Fair Hearing Request*** SYSM E-form:
 - a. Client name;
 - b. Client address;
 - c. Client social security number;
 - d. Client representative (if known) name;
 - e. Client representative (if known) address;
 - f. Local office site code and phone number;
 - g. Date of the decision notice, from which the appeal is filed;
 - h. Effective date of negative action;
 - i. Program being appealed (Child Care)
 - j. Specify category of the child care program on which the appeal is filed (e.g. TCC, BW, AFDC Employed)
 - k. The client's reason for filing the request for hearing:
 - i. Amount of service;
 - ii. Application denial, and the basis for denial of services;

- iii. Termination of services, and the basis for termination of services;
- iv. Overpayment validity or calculation;
- v. Any other reason for the request (explain in detail).

4. Prehearing Conference

- a. A prehearing conference is an informal meeting at the local office or district office level with the Child Care Supervisor, Program Manager, or designee, the client and the Child Care Specialist, and is used to explain eligibility determinations and cite applicable child care policy to assist the client in understanding how the eligibility decision was reached.
- b. The prehearing conference to meet with the client (or representative) shall be scheduled within two work days from the date the request for hearing was received by the local office.
- c. A conference may also be held without a hearing request if the client requests an eligibility decision review.
- d. The Child Care Specialist shall offer a prehearing conference, within two workdays, to all clients who request a fair hearing.
 - i. The Specialist shall notify clients of the right to schedule a prehearing conference. Notification may be either written or verbal. The client contact shall be documented in the case file.
 - ii. Negative action shall not be taken if the client does not appear for the scheduled conference or declines a prehearing conference.
 - iii. The prehearing conference shall be held in the local or district office; the scheduling shall accommodate the client's availability to attend.
 - iv. The conference may be conducted in person or by telephone conference at the request of or in agreement with the client (and/or client's representative.)
 - v. The Child Care Supervisors, Program Managers (or designee) shall facilitate the prehearing conference.

5. Results of the Prehearing Conference

- a. The prehearing conference may lead to an informal resolution, but the conference does not substitute for the fair hearing.
- b. The results of the prehearing conference shall be documented in the case file and on the Prehearing Summary (CC-040) form.
- c. If it is determined that the eligibility decision was made in error, the following procedures apply:
 - i. The Child Care Specialist shall correct the error made in the eligibility determination and notify the client by sending the Notice of Change.
 - ii. The Child Care Specialist shall ask the client to withdraw from the hearing by completing the Withdrawal or Termination Request (CCA-1015A) form when the error has been rectified.
 - iii. The client's written withdrawal from the request for hearing shall be forwarded immediately to the appropriate Appeals Office (refer to Table 21 in the appendix for the Office of Appeals directory).
 - iv. The hearing process shall continue if the client does not choose to withdraw the request for hearing.
- d. When the eligibility decision is determined to have been correct, and the client chooses to continue with the fair hearing process, the Child Care Specialist shall document the case file indicating that:
 - i. The prehearing conference did not result in a resolution;
 - ii. The Child Care Administration's decision was reviewed and has been determined correct; and
 - iii. The client chooses to continue the appeal process.

6. Preparation of the Appeals Packet

- a.** The Child Care Specialist shall research CCA Rule (R6-5-49), CCA Policy, and the client case file to compile all pertinent material used to substantiate the eligibility decision in question. The Specialist shall include this information in the **Appeals packet, which shall be forwarded to the Office of Appeals within 5 workdays from the date of the request for appeal.**
- b.** Copies of the Appeal Packets will be:
 - i.** Mailed to the client;
 - ii.** Forwarded to the Central Office Policy Unit at site code 801A;
 - iii.** Forwarded to the District Office; and
 - iv.** Retained in the client case file.
- c.** Districts offices shall maintain a file on all requests for appeals and final outcomes.
- d.** The Specialist shall contact the Policy Help Desk if additional assistance is required.

7. Contents of the Appeals Packet

The following documents shall be included in the appeals packet:

- a.** The completed Prehearing Summary (CC-040) form which includes:
 - i.** The client name, address and social security number;
 - ii.** Name and address of the client's representative (if known);
 - iii.** Local office site code and phone number;
 - iv.** The date of decision notice, on which the appeal is filed;
 - v.** The effective date of negative action;
 - vi.** The specific child care category on which the appeal is based;
 - vii.** The specific reason(s) as indicated by the client, for filing the request for hearing;

- viii. The date the request was filed by the client;
 - ix. The need for language interpretation (specify need);
 - x. A brief summary of the events which lead to the filing of a request for hearing;
 - xi. The manual references (rules and policy) to support the eligibility determination;
 - xii. The date of the prehearing conference; and
 - xiii. A brief summary of the prehearing conference results.
- b. A copy of the **written request for hearing**, or the *Request For Hearing* (CC-041) form;
 - c. The **envelope**, if the request was received by mail;
 - d. A copy of the *Application for Child Care Assistance* (CC-001);
 - e. Copies of the **Decision Notice(s)** related to the eligibility decision in question;
 - f. Copies of case file **verification and documentation** related to the eligibility decision in question;
 - g. Copies of **CCA Rule (R6-5-49) and policy manual references** and other pertinent policy information to support the eligibility decision in question.

8. Child Care Supervisor's Responsibilities

The Child Care Supervisor shall:

- a. Ensure timeliness requirements are met for each step of the appeals process;
- b. Review the *Prehearing Summary* (CC-040) form to ensure completeness and accuracy;
- c. Ensure that all evidence is submitted to support the eligibility decision in question as part of the Appeals packet;
- d. Ensure that any administrative error is corrected before the case goes to hearing;
- e. Sign the *Prehearing Summary* (CC-040) form;

- f. Ensure that the Appeals Packet (original) is sent to the Office of Appeals (refer to Table 21 in the appendix for the Office of Appeals Directory);
- g. Ensure that copies of the appeals packet are complete and are:
 - i. Mailed to the client (and client representative, if known);
 - ii. Filed in the client's case record;
 - iii. Submitted to the CCA Policy Unit (site code 801A); and
 - iv. Submitted to the District Office.

E. Authorization of Assistance Pending the Outcome of the Fair Hearing

1. Child Care Assistance may be authorized at the same level of service pending the outcome of the hearing, unless:
 - a. The client waives the right to continued assistance;
 - b. The appeal results from a mass policy change that is mandated by state or federal law, and does not involve misapplication of the law;
 - c. The client is requesting continuance of Transitional Child Care services beyond the expiration of the TCC 24 month eligibility period end date.
2. When assistance is continued pending the outcome of a hearing, the Child Care Specialist shall complete the Child Care Services Approval (CC-501) notice to notify the client:
 - a. Of services authorized pending the outcome of the hearing; and
 - b. That they will be responsible for the total overpayment if the hearing decision is not in their favor.
3. Reinstated or continued Child Care Assistance pending the result of the hearing will not be reduced or terminated during the appeal process unless:
 - a. The client's services are changed for reasons other than those being appealed. Child Care Specialists shall adjust services based on reported changes, except for any factors on which the appeal is filed;
 - b. A mass policy change is made due to a change in federal or state law which affects eligibility;
 - c. The client fails to appear for a scheduled hearing by completing a written withdrawal request;

- d. The client fails to appear for a scheduled hearing without prior notification to the Office of Appeals;
 - e. The hearing officer makes a preliminary determination that the sole issue is regarding the application of federal or state law, and the DES Child Care Administration properly determined eligibility and level or service, and interpreted the law correctly;
 - f. The Child Care Administration's action to reduce or terminate services is affirmed by the hearing officer's decision.
- 4. When services are stopped or reduced for any reason, the Child Care Specialist shall notify the client by using the Notice of Action (CC-502 or CC-303) form.
 - 5. If the hearing decision is not in the client's favor, the Child Care Specialist shall be responsible for the completion of the overpayment report for the amount of Child Care Assistance received during the appeal process that the client was ineligible to receive.

F. Request for Withdrawal from the Appeal Process

- 1. When the client chooses to withdraw their request for a hearing, the Child Care Specialist shall:
 - a. Obtain a written statement, signed and dated by the client;
 - b. Immediately forward the original withdrawal statement to the Office of Appeals (refer to Table 21 in the appendix for the Office of Appeals Directory); copies shall be forwarded to the District Office and retained in the case file;
 - c. When the client contacts CCA by telephone to indicate the intent to withdraw, and is unable/unwilling to provide the request in writing, the Specialist shall refer the client directly to the Office of Appeals and document the case file; and
 - d. Contact the Office of Appeals to determine whether the client withdrew the hearing, and proceed if the request was not received.

2. The Office of Appeals will dismiss requests for hearings if:
 - a. The client cannot provide sufficient evidence to prove “*good cause*” for untimely filing a request for hearing, as determined by the Office of Appeals; and/or
 - b. The client (or client’s representative) provides a written request for withdrawal of the hearing request.

G. Office of Appeals Responsibilities: Processing Fair Hearing Requests

1. The Office of Appeals will send advance notice of the hearing to the local Child Care Office and the client. Notification shall include:
 - a. The date, time and location of the hearing;
 - b. The name of the Administrative Law Judge;
 - c. Notification that the client may obtain legal counsel, or have the case presented by a client’s representative of their choice;
 - d. The name, address and phone number of the contact persons at the Office of Appeals, in the event the client (and/or client’s representative) are unable to appear for the hearing and want to reschedule the hearing;
 - e. Notification that the hearing request shall be dismissed in the event the client (or client’s representative) fails to appear for the scheduled hearing without established good cause;
 - f. An explanation of hearing procedures;
 - g. Notification that the client (or client’s representative) may examine the case record prior to the hearing, and may request copies of case file documents required for hearing preparation.
2. The scheduling of fair hearings is the responsibility of the Office of Appeals.
 - a. The hearing must be scheduled not less than 20 days, or more than 45 days from the date the request for hearing is filed.
 - b. Advance notification of the hearing will be provided to the client at least 20 days prior to the hearing date, to permit adequate time for case preparation.

3. The Office of Appeals will render a final decision within 90 days from the date the request for hearing is filed.

H. Hearing Decisions

1. Fair hearing decisions become final 10 days following the date the decision is mailed by the Office of Appeals (with the exception of cases in which a written petition for review has been filed or the case has been sent the Appeals Board for review).
2. Hearing decisions become part of the hearing record, are available for public review, are subject to information disclosure security measures, and shall be based on:
 - a. The actual hearing record:
 - i. The hearing record is a written transcript of recording of testimony and exhibits.
 - ii. The record includes the request for hearing and all other pertinent documents filed in the proceedings.
 - b. A summary of facts, relevant to the case;
 - c. The specific reasons supportive of the hearing decision; and
 - d. The identification of supporting evidence and applicable policy and procedures.

I. Notification of the Hearing Decision

The Office of Appeals shall send notification of hearing decisions to the local Child Care Office and the client. Notification shall include:

1. Complete information from the hearing record (as indicated in the *Hearing Decisions* above);
2. The impact of the decision on the client's Child Care Assistance;
3. The effective date of proposed case action; and
4. The client's right to file a petition for review with the Board of Appeals within 10 days from the date the hearing decisions is rendered.

J. Specialist Responsibility after the Hearing Decision

Upon receipt of hearing decisions, Child Care Specialists shall:

1. Implement hearing decisions, in favor of the client within 2 work days of the hearing decision date (this also applies to cases where a petition for review is filed with the Board of Appeals by CCA).
2. Complete the case action to decrease or discontinue Child Care Assistance within two work days when the hearing decision made is not in the client's favor.
3. Complete an overpayment report for the amount of assistance the client was ineligible to receive during the appeals process (if assistance was continued pending the outcome of the hearing and the hearing decision is not in the client's favor).

Note: If a petition for review is filed by the client, negative actions will be withheld pending the decision from the Board of Appeals.

4. Immediately forward a copy of the final decision to CCA Central Office, site code 801A. CCA Central Office will determine whether a petition for review will be filed with the Board of Appeals (if the decision is in the client's favor).

K. Review of Hearing Decisions

1. The client (or client's representative), or the Child Care Administration may file a petition for review of a fair hearing decision with the Board of Appeals within 10 days from the date the hearing decision was mailed by the Office of Appeals.
2. The Board of Appeals will review the hearing record and evidence in order to render a final decision. The client and the Child Care Administration shall be sent notification of the final decision.

XVI. Overpayments

A. Definition Of An Overpayment

1. An overpayment is the payment of funds to a provider on behalf of a client who:
 - a. Was not eligible for assistance;
 - b. Did not have an eligible activity/need;
 - c. Used more assistance than they were eligible for; or
 - d. Payments were made for days/hours in which the children were not in attendance with the child care provider.
2. Overpayments may be client, provider, or agency caused (see *Types of Overpayment* below for further direction).
3. The Specialist shall process an overpayment regardless of the type or the amount of the overpayment whenever CCA has paid more that it should have for the cost of care based on the eligibility requirements.

B. When Fraud is Suspected

Any applicant who knowingly submits false information or knowingly conceals a material fact on their application may be charged with fraud pursuant to A.R.S. section 13-23-11, a class 5 felony. If the Child Care Specialist office suspects that an overpayment was caused by fraudulent activity, the overpayment packet (refer to *Overpayment Packet* for processing instructions) shall be sent to the Department's Office of Special Investigation (OSI) for potential prosecution. Once OSI responds back to CCA, the Specialist shall:

1. Redetermine the type of overpayment (refer to *Types of Overpayment*); and,
2. Include a copy of the OSI report in the Overpayment Packet (refer to *Overpayment Packet*).

C. Types of Overpayment

1. Client Caused Overpayments

Clients are responsible for overpayments when the overpayment occurs as a result of the client's action or inaction and/or when the client did not follow CCA procedural requirements as outlined below:

- a. The client used Child Care Assistance for an ineligible reason;
- b. The client failed to report an increase in income which made them ineligible, or which made them eligible at a higher fee level;
- c. The client failed to report that another parent/responsible person was in the home, and was available to provide care to the child, and/or had additional income that should have been counted;
- d. The client failed to report that individuals who had been included in the family size moved out of the home, and the reduced family size made the client ineligible, or made the client eligible at a higher fee level; and,
- e. Any other instance where the client used Child Care Assistance and was ineligible as prescribed in this Article, due to the client's failure to report information timely, submission of false information, or the withholding of information necessary for the eligibility determination process.

Note: The occurrence of overpayments is not limited to the above stated instances; for assistance in determining whether an overpayment may have occurred, contact the Child Care Policy Help Desk at 542-4248.

2. Provider Caused Overpayments

Providers are responsible for overpayments when the provider bills DES and payment is made for days/hours when children were not in attendance.

3. Agency Caused Overpayments

Agency caused overpayments are the result of errors made by Child Care Staff in processing a client's case, or due to administrative delays because of procedural requirements. Agency caused errors include the following:

- a. Late action taken by the Child Care Specialist;
- b. Incorrect eligibility determination;
- c. Incorrect authorization amount;
- d. Incorrect copayment/fee level assignment; and,
- e. Any other instances where the client used Child Care Assistance and was ineligible per CCA policy, due to the agency's failure to take appropriate action in a timely manner.

D. Timeframes For Processing an Overpayment

1. All overpayments shall be verified and documented by the Child Care Specialist currently assigned to the case.
2. An overpayment is considered discovered on the date the Specialist determines that an overpayment exists.
3. The Child Care Specialist shall process and complete the overpayment report within 90 days of the date the overpayment was discovered.

E. Validation Of a Client Caused Overpayment

The Child Care Specialist shall obtain all verification needed to determine whether an overpayment has occurred and determine the amount of any overpayment (such as employment/income verification, work/school/training schedules for the period of time in question, etc.). To validate the overpayment, the Specialist shall:

1. Redetermine eligibility for the period of time in question based on the facts of the case. In order to do this, the Specialist shall:
 - a. Request verification of pertinent eligibility factors related to the overpayment (the client's activity, income, etc.); and,
 - b. Compare the amount of the assistance (if any) the client should have received to the amount of assistance that was received to determine whether or not an overpayment has occurred.
2. Requesting verification when the overpayment is client caused.
 - a. Once the Child Care Specialist has determined that an overpayment may have occurred, the Specialist shall determine the amount of the overpayment.
 - b. In order to determine if the client was eligible for Child Care during the period of time in question, the Specialist shall send the client a manual Decision Notice requesting that the client provide the Department with verification of the eligible activity/need and/or income, or other eligibility factors pertinent to the situation (for the specific period of time in question).
 - c. The Specialist may also send the client an Authority to Release Information (FA-059) form to request specific information which will assist CCA in obtaining information to validate the overpayment.
 - d. The Specialist shall obtain appropriate verification to substantiate the overpayment by:

- i. Sending the client a manual decision notice specifying required verification necessary in the eligibility determination process;
- ii. Indicating on the Decision Notice the period (start and end dates) of potential overpayment, reason, and amount;
- iii. Specifying that the client must substantiate eligibility status (provide verification of their eligible activity, income or other eligibility factors pertinent to the situation for the time period in question) or be held responsible to repay the amount of the overpayment;

Example:

“Please submit your pay stubs for March, April, and May of 1997. I need to verify your eligibility status from 3-1-97 through 5-31-97. You may be charged with an overpayment for the period of 3-1-97 through 5-31-97 if you fail to provide this information”.

- iv. Specifying the items needed for verification of current eligibility;
 - v. Indicating to the client that failure to provide the requested information may result in the client being charged with an overpayment;
 - vi. Specifying the overpayment amount;
 - vii. Specifying the time period of the overpayment;
 - viii. Requesting the client respond within 10 days (from the date of mailing; use the 10 day negative date as displayed on the production calendar);
 - ix. Indicating the address where the client can respond with the requested verification. Usually this is the local child care office;
 - x. Including the Specialist’s phone number; and,
 - xi. Including the Specialist’s name.
- e. Child Care services shall continue if verification of current eligibility is received or is in the file and the client remains eligible for Child Care Assistance.

Note: The Child Care Administration shall not stop or discontinue Child Care services if clients fail to provide verification to substantiate an overpayment.

F. If the Client Fails to Submit Verification of Eligibility as Requested

If the client fails to submit the requested information within 10 days, the Specialist shall:

1. Write an Overpayment Summary detailing the events that led up to the overpayment (refer to ***Overpayment Summary*** below for further instruction);
2. Attach the Overpayment Summary to the *Overpayment Identification Worksheet* (CC-043) and prepare an overpayment packet as outlined in ***Overpayment Packet*** below;
3. Make a copy of the overpayment packet. Keep the original in the case file with other permanent verification; and,
4. Send the copy of the overpayment packet to Central Office, site code 801A. The packet should be labeled "Overpayment".

G. If the Client Submits Verification of Eligibility Factors as Requested

If the client submits verification of eligibility factors by the 10 day deadline, the Specialist shall review all verification submitted by the client in order to determine if an overpayment exists.

1. If the client is able to verify child care eligibility for the overpayment period in question, and it is determined that the client does not have an overpayment, the Specialist shall:
 - a. Document the case file;
 - b. Discontinue the overpayment process; and,
 - c. Send the client a manual notice indicating that eligibility was verified and an overpayment did not occur during the time period in question.
2. If the client submits verification which (after recalculation) results in a new overpayment amount (and an overpayment continues to exist), the Specialist shall:
 - a. Document the new information in the case file;
 - b. Make adjustments to the overpayment amounts;
 - c. Complete the *Overpayment Identification Worksheet* (CC-043) with the correct amount; and
 - d. Continue with the overpayment process as described in the sections below.
3. If the client submits verification of eligibility for the time period in question AFTER the 10 day deadline, the Specialist shall contact the Policy Help Desk at 542-4248 to stop the overpayment recoupment process (in addition to the steps outlined in subsection 1 above).

H. Completing the Overpayment Identification Worksheet (CC-043)

1. In order to complete the Overpayment Identification Worksheet (CC-043) the Specialist shall access the AzCCATS *Payment History* (PP07) screen to determine the actual number of full/part day used per child per month, and the amount paid by DES to the provider for each month of potential overpayment.
2. The Specialist shall complete the Overpayment Identification Worksheet (CC-043) to calculate the amount of potential overpayment. The Specialist shall complete the Overpayment Identification Worksheet (CC-043) in the following manner (complete instructions can be found on the back of the form):
 - a. Indicate whether the overpayment was caused by the client, the provider, or agency by checking the appropriate box in item #1. If the Specialist is unable to determine which type of overpayment has occurred, the Specialist shall mark the “Unable To Determine” box;
 - b. The Specialist shall complete items 2 through 5 on the Overpayment Identification Worksheet (CC-043), regardless of how the overpayment occurred;
 - c. Indicate the amount paid for each month in which an overpayment occurred for each child using care during the overpayment in question;
 - d. Next to “Amount Paid” for each child, indicate the amount that should have been paid (if 0, enter “0”) under the column titled “Correct Amount”;
 - e. Subtract the “Correct Amount” from the “Amount Paid” and enter the difference under the column titled “Amount Overpaid” for each month of the overpayment for each child authorized;
 - f. Indicate the total amount of overpayment on the form;
 - g. Indicate the reason for the overpayment on the lower portion of the Overpayment Identification Worksheet (CC-043);
 - h. Indicate the date the overpayment was discovered in the summary/comments/calculations section; and,
 - i. Indicate the name of the Child Care Specialist completing the form, the Child Care Specialist’s site code, and the date the Overpayment Identification Worksheet (CC-043) was completed on the bottom of the form.

I. The Overpayment Summary

The Specialist shall write an overpayment summary detailing the events that led up to the overpayment. The overpayment summary shall include an explanation of what happened in

chronological order. The information should be factual and brief. The explanation should include:

1. The dates of the overpayment;
2. How the overpayment was determined;
3. An explanation of the course of action taken by the Specialist;
4. The client's name, ID number, and social security number;
5. The provider name, and provider ID number; and,
6. The Child Care Specialist's site code.

J. The Overpayment Packet

1. The Specialist shall prepare an overpayment packet to be sent to Central Office at site code 801A. The following information shall be included in the packet:
 - a. The Overpayment Identification Worksheet (CC-043);
 - b. The Overpayment Summary;
 - c. A copy of the Decision Notice sent to the client requesting verification of the client's eligibility during the overpayment period in question;
 - d. The case documentation of the client's response (if any) from the Decision Notice;
 - e. Any related materials (verification/documentation) to support the overpayment such as income verification, work/school schedules;
 - f. Copies of the AzCCATS *Payment History* (PP07) and *Purchase Service Display* (CP13) screens. System verification should reflect the time period of the overpayment; and,
 - g. Other relevant information used in determining the overpayment amount. This may include copies of the Sign-in/Sign-out Record (CC-218), or a copy of the Employment And Wage Verification Statement (CC-024).
2. The Specialist shall make a copy of the packet once the packet has been reviewed by their supervisor (refer to ***Supervisor's Role*** for further direction). All original documentation and verification shall remain in the case file with other permanent verification; the copy shall be sent to site code 801A and clearly marked Overpayment.

K. When Processing an Overpayment for an Active Child Care Case

The Specialist shall process an overpayment for an active child care case in the same manner as described above. Current services shall not be terminated if the client fails to respond to the letter requesting verification of need/activity/income.

L. Processing of a Provider Caused Overpayment

1. When it is determined that the overpayment was caused by a DES Child Care Provider, the Specialist shall prepare an Overpayment Packet. The Overpayment Packet shall be sent to Site Code 801A. The packet shall include:
 - a. The Overpayment Identification Worksheet (CC-043);
 - b. The Overpayment Summary;
 - c. Pertinent systems' screen prints; and
 - d. Other information which is related to and substantiates the overpayment.
2. The Specialist shall send copies of pertinent materials to the Central Office Program Development and Provider Relations Unit Representative unless otherwise directed (the Specialist shall not send original documentation to the Program Development and Provider Relations Unit in Central Office unless directed to do so by the Provider Relation Unit Representative).

M. Completing The Overpayment Identification Worksheet (CC-043) For Provider Caused Overpayments

1. The Overpayment Identification Worksheet (CC-043) shall be completed as described in Section H: **Completing The Overpayment Identification Worksheet**; the Specialist shall indicate that the overpayment is provider caused by marking the "Provider Caused" box in Section A.
2. The completed Overpayment Identification Worksheet (CC-043) form shall be sent to Site 801A, as part of the Overpayment Packet.

N. Completing the Overpayment Summary For Provider Caused Overpayments

The Overpayment Summary shall be completed as described in Section I: **The Overpayment Summary**. The Specialist shall send copies of pertinent materials to the Central Office Program Development and Provider Relations Unit Representative unless otherwise directed (the Specialist shall not send original documentation to the Program Development and Provider Relations Unit Representative in Central Office, unless otherwise directed to do so).

O. Systems Screen Prints for Provider Caused Overpayments

1. The Specialist shall include any screen prints which were used in the overpayment determination process. The following screen prints are required:
 - a. The AzCCATS *Payment History* (PP07); and,
 - b. The AzCCATS *Purchase Service Display* (CP13).
2. Systems verification should reflect the time period of the overpayment.

P. Other Related Information for Provider Caused Overpayment

The Specialist shall include any related information in the Overpayment Packet used in determining the overpayment. This may include copies of any:

1. Case Action Summary (CC-047) sheets used to document any correspondence to or from the provider or client which may be relevant to the overpayment;
2. Notices sent to the client which are relevant to the overpayment;
3. Other related documentation and verification which may assist in substantiating the overpayment.

Q. Processing of an Agency Caused Overpayment

Once it has been determined that the overpayment was agency caused, the Specialist shall prepare an Overpayment Packet. The Overpayment Packet shall include copies of:

1. The Overpayment Identification Worksheet (CC-043);
2. The Overpayment Summary;
3. Any notices sent to the client;

4. Pertinent systems' screen prints; and,
5. Other related information which is related to the overpayment.

R. Completing The Overpayment Identification Worksheet (CC-043) for Agency Caused Overpayments

1. The Overpayment Identification Worksheet (CC-043) shall be completed as described in Section H: **Completing The Overpayment Identification Worksheet**: the Specialist shall indicate that the overpayment is agency caused by marking the "Agency Caused" box in Section A.
2. The completed Overpayment Packet shall be sent to site code 801A.

S. Completing the Overpayment Summary for Agency Caused Overpayments

The Overpayment Summary shall be completed as described in Section I: ***The Overpayment Summary***.

T. Systems Screen Prints for Agency Caused Overpayments

1. The Specialist shall include any screen prints which were used in the overpayment determination process. The following AzCCATS screen prints are required:
 - a. The AzCCATS *Payment History* (PP07); and,
 - b. The AzCCATS *Purchase Service Display* (CP13).
2. Systems verification should reflect the time period of the overpayment.

U. Other Related Information for Agency Caused Overpayments

The Specialist shall include any related information used in determining the overpayment. This includes copies of:

1. Any Case Action Summary (CC-047) sheets used to document any correspondence to or from the provider or client which may be relevant to the overpayment;
2. All manual Decision Notices sent to the client which are relevant to the overpayment;
3. Any AzCCATS system generated notices sent to the client;
4. Any verification received which was used in the overpayment determination process; and
5. Any other related documentation which may assist in substantiating the overpayment.

V. Supervisor's Role

1. Supervisors shall review the Overpayment Packet to ensure completeness and accuracy prior to the Specialist sending the packet to Central Office.
2. The Supervisor shall ensure that:
 - a. An overpayment has actually occurred (i.e., that a client used services they were not eligible for or that a provider billed DES for days and hours when the children were not in attendance);
 - b. The Overpayment Identification Worksheet (CC-043) is complete and accurate;
 - c. The Specialist has correctly identified the cause, time period, and amount of the overpayment;
 - d. The client was sent a letter requesting verification of their activity/need/income for the overpayment period (if client caused); and,
 - e. The overpayment packet is complete and includes all appropriate documentation and verification to substantiate the overpayment.
3. In the event of an overpayment appeal, the Supervisor shall ensure that:
 - a. Central Office is notified of the request for an Appeal;
 - b. The facts of the case are reviewed by the Specialist to ensure that an overpayment exists, that the overpayment was accurately calculated for the correct time period, and that any administrative errors are corrected before the case goes to a hearing.
 - c. A pre-hearing conference is conducted with the client;
 - d. An appeals packet is completed within the allowable days as outlined in Policy (refer to ***Fair Hearings/Appeals*** for further direction related to timeliness);
 - e. The Overpayment Identification Worksheet (CC-043) is included in the appeal packet;
 - f. The overpayment summary is included in the appeal packet;
 - g. That all related correspondences are included in the packet; and,
 - h. The Department is represented at any Appeals Hearing.

W. When an Appeal is Filed on a Client Caused Overpayment

1. A client may appeal the overpayment at any time. Refer to ***Fair Hearings/Appeals*** for further direction on how to process an appeal. An appeal may be requested by:
 - a. Submitting a letter to the child care office requesting an appeal;
 - b. Signing the appeal request on the back of the billing document that the client receives from the Office of Accounts Receivable and Collections (OARC). If the client appeals in this manner, the local office will be notified by Central Office; and,
 - c. Verbally requesting an appeal. If the client verbally request an appeal, the Specialist shall document the client's request on the *Fair Hearing Request* (CC-041) form.
2. The Specialist who processed the overpayment shall be responsible for preparing the Overpayment Appeals packet (or designated Specialist). A copy of the Overpayment Appeals packet shall be sent to the Policy Unit at Site code 801A. The Overpayment Appeals packet shall include:
 - a. Any applications for service that are for the period of time that the overpayment occurred;
 - b. Any case documentation and verification for the overpayment period;
 - c. All related Rule and/or Policy references used to determine eligibility;
 - d. The *Overpayment Identification Worksheet* (CC-043);
 - e. The Overpayment Summary; and,
 - f. All related correspondences to the client (i.e.: AzCCATS System generated notices, manual notices, and letters to the client).
3. The Specialist (or designated Specialist) shall be responsible for attending the hearing.

X. When an Appeal is Filed on a Provider Caused Overpayment

If the Child Care Provider contacts the Child Care Specialist requesting an appeal for a provider caused overpayment, the Specialist shall direct the provider to the Program Development and Provider Relations unit at (602) 542-4216 for further direction.

XVII. Case File Format

The child care case file will be organized in a four-tang (section) file folder, each section with documents arranged in reverse chronological order (the most recently received documentation on top) unless another order is described below.

A. Section 1 (Left Front)

This section will generally include permanent verification and documents that do not have a high frequency of change.

1. AzCCATS AP10 screen print, placed on top to remain visible; updated as changes occur (displays client name, ID number, current address, case status.);

Note: The AP10 screen print is NOT required, and is optional only.

2. Identification verification;
3. Citizenship/legal residency status verification

Copies of the systems screen prints, Immigration and Naturalization Service (INS) documents, or other acceptable forms of verification of citizenship/legal residency status (refer to Tables 3 and 4 for all acceptable forms of citizenship/legal residency status).

4. Legal guardianship verification or verification of relationship;
5. Overpayment Identification Worksheet (CC-043);
6. Appeals Requests, Summaries, and Decisions;
7. OSI Referrals and Reports (FA-567);
8. Quality Support Reports; and
9. Correspondence relating to any of the above documents.

B. Section 2 (Right Front)

This section will include current information/documentation for the most recent eligibility period. At the time of redetermination or reapplication, the entire contents of this section will be moved to SECTION 4. Items to include in this section are:

1. Application for Child Care Assistance (CC-001), placed first, with all supporting documentation on top.

NOTE: When the client has contacted the Specialist in response to a Priority Waiting List Selection Notice (CC-320), the completed Priority Waiting List Status Report (CCA-1070A) shall be placed with the corresponding Application for Child Care Assistance (CC-001) in the case file. (See **Release From The Priority Waiting List** in the **Priority Waiting List Procedures** section.)

2. The Child Care Referral

When an application is not required for assistance, the document that initiates or supports the request for assistance will be filed first (screen print of the CP40 for AFDC-Employed Child Care, or the Jobs referral or CPS referral).

3. Verification Documents

a. Income and Employment Verification

Copies of the AzCCATS *AZTECS/CCA Income Summary* (AP49) screen, pay stubs, wage statements, award letters, child support printout or statement (if not completed on the application) Self employment logs, budget records or any documents used to verify or determine income eligibility.

b. School/Training Verification

Copies of class schedules, Statement of class schedule, Verification of Education/Training and Education/Training Agreement forms,

c. Special Circumstances Verification

Documents provided to verify when the client is Unable/Unavailable to provide care to their children may include: drug rehabilitation verification, court ordered community services statement, shelter statement.

d. Automated Systems Verification

Screen prints will only be included in the case file when used as a basis for specific eligibility determination.

- i.** AzCCATS CP40 screen- to verify non eligibility or eligibility for Cash Assistance programs (TCC, EA, Jobs);

- ii. AzCCATS CP41 screen;
- iii. AZTECS Screens: Household Summary (HOSU), Case Profile Page 2 (CAP2), AFDC Benefit History (AFBH), Client Profile (CLPR), and Program Involvement Person List (PRIP) screens; and
- iv. Automated Jobs referral screen prints.

4. Client Decision Notices

- a. Automated Notices created in AzCCATS are not required to be printed for the file as the notices are stored for retrieval through AzCCATS Doc. Control Case Notebook (refer to the *AzCCATS Bank of Notices and Automated Case Review Process Instructions* in the *CCA Policy* manual for further direction); however, the Specialist should check with their supervisor to determine whether local office procedures require the printing of automated notices for the file in their office.
- b. Any hand written decision notices sent to clients informing them of actions taken to their child care case shall be filed in this section.

5. Case Action Summary (CC-047) form

The Case Action Summary (CC-047) shall be used:

- a. At initial case processing, at redetermination, and when the Specialist processes a change which results in the generation of an automated notice from the AzCCATS Doc Control Case Notebook.
- b. As needed for income calculation, and for documentation of provider contacts. If further documentation or more extensive documentation is necessary the Specialist shall use the Case Action Summary-Supplemental (CC-047-A) sheet.

6. Contact Sheet(s)

- a. The Contact Sheet is used to document client and provider related contacts when the Case Action Summary sheet is not appropriate, and may be moved forward until filled.
- b. A new contact sheet may be started with each client related activity or continued and moved forward during the eligibility period until filled.

7. Case File Transfer Documentation

Case file transfers shall be accompanied by both an automated mail (SYSM) screen print request and a hard copy transmittal form; both documents shall be placed on top when the file is in the transfer process.

C. Section 3 (Back Left)

Use for authorization documents and for documents that relate directly to the authorization of services;

1. AzCCATS Purchase of Service (CP13) screen prints for each child, each authorization;
2. AzCCATS billing document requests; and
3. NCRP requests and responses.

D. Section 4 (Back Right)

Used for case file history. At redetermination or reapplication, the entire contents of Section 2 will be moved to this section, in total, and placed on top. All documents should remain as long as possible. If the file becomes too thick, a second volume may be created with the oldest of the history documents. The case file will be clearly marked "Volume I of II" and the current case file will be clearly marked "Volume II of II". The volumes will be co-located.

XVIII. Case File Transfer

One case file shall be maintained for each client throughout the state. As a client moves within the state, the case file will be requested from the previous site to be combined with current information/documentation as long as the case file has not been sent to the Record Retention Center (storage.)

A. Transfer Within An Office

Case files transferred within an office (from one case load to another) will be transferred according to the office policy. The case manager ID will be updated in AzCCATS within 2 workdays.

B. Transfer of “Open” Case Files Between Offices and Districts

If the applicant/client has had prior services or has an open case in another child care office, or in another district, the Specialist shall request and obtain the case record by using the following procedures.

1. The assigned Specialist will retain responsibility for an “open” case file until the file has been received by the receiving office.
2. When the Child Care Specialist discovers that the applicant/client has an open case file in another office, the Specialist shall:
 - a. Determine the location of the case file by accessing AzCCATS.
 - b. Contact the Specialist in the previous office to discuss action(s) to be taken (if applicable) and any pertinent eligibility factors (e.g. the date that services need to be stopped by the sending worker with the previous provider, and proration of services, so that services may begin in the new location based on existing eligibility factors) The new Specialist shall evaluate current information received from the client and information received from the prior Specialist to determine ongoing eligibility.
 - c. Request that the case file be transferred via SYSM/automated mail and with the *Case File Transfer Memo*; the Specialist shall place a copy of the request in the temporary file.
 - i. *The Case File Transfer Memo* may be the standard memo form or may be sent on SYSM/DMAL automated mail.
 - ii. The memo shall provide the following information:

- (a) Requesting Specialist's name, site code, and phone number;
 - (b) Sending Specialist name, site code, and phone number;
 - (c) Client name;
 - (d) Case name (if different);
 - (e) Client social security number and AzCCATS Client ID number;
 - (f) Children's names; and
 - (g) Date of application or service request at the new office.
- d. Open a temporary case file (client services shall not be delayed while waiting to receive the case file.)
 - e. Update any new information which affects eligibility in AzCCATS within 5 days of client contact.
 - f. Update the Child Care Eligibility (CP21) screen with the new Case Manager ID and District Office Code within 2 workdays.
3. When the sending Specialist (previous office) receives the request for the file transfer, the receiving Specialist shall review the file prior to transfer to ensure:
 - a. Services are stopped with the previous provider (if applicable);
 - b. All contacts have been documented in the case file including the request for transfer; and
 - c. All pending actions have been taken or discussed with the current Specialist and updates are placed in the case file including the written request for case transfer.
 4. The sending Specialist will update the office tracking system regarding the new location of the case file according to office policy.
 5. The sending Specialist shall notify the client of the new local office address and telephone number by generating the Case Transfer Notice (CC-506).
 6. The case file will be sent to the new location with a transmittal form attached to the outside of the case file, placed in a secure manila envelope to ensure confidentiality, and addressed with the name of the requesting Specialist and site code.

7. The receiving office/Specialist shall return a signed copy of the case file transmittal to the sending worker to verify that the file has been received.

C. Transfer of “Closed” Case Files

When the Specialist discovers that the applicant/client has previously received Child Care Assistance the Specialist shall;

1. Determine the location of the closed case file by reviewing available information in AzCCATS, and with the applicant.
2. Request the case file from the office where assistance was last received; with the case file transmittal or by automated mail (SYSM) to the supervisor of the office providing:
 - a. Client name/case name;
 - b. Client social security number and client ID;
 - c. Site code of file location;
 - d. Date of case file closure; and
 - e. The name of the requesting Specialist and site code of requesting office.
3. If the case file has been sent to the Record Retention Center (storage), that information shall be provided to the requesting office; the file shall not be retrieved unless special circumstances warrant retrieval. The need for the file retrieval shall be clearly stated by the requesting office. The file shall be retrieved by the office that sent the file to storage by completing the Record Reference Request (J-240.)